

## § 203.70

## 30 CFR Ch. II (7–1–10 Edition)

or the regulations of this chapter (e.g., fuel gas).

(a) For authorized fields, the minimum royalty-suspension volumes are:

(1) 17.5 million barrels of oil equivalent (MMBOE) for fields in 200 to 400 meters of water;

(2) 52.5 MMBOE for fields in 400 to 800 meters of water; and

(3) 87.5 MMBOE for fields in more than 800 meters of water.

(b) For development projects, any relief we grant applies only to project wells and replaces the royalty relief, if any, with which we issued your lease.

(c) If your project is economic given the royalty relief with which we issued

your lease, we will reject the application.

(d) If the lease has earned or may earn deep gas royalty relief under §§ 203.40 through 203.49 or ultra-deep gas royalty relief under §§ 203.30 through 203.36, we will take the deep gas royalty relief or ultra-deep gas royalty relief into account in determining whether further royalty relief for a development project is necessary for production to be economic.

(e) If neither paragraph (c) nor (d) of this section apply, the *minimum* royalty suspension volumes are as shown in the following table:

For . . .	The minimum royalty suspension volume is . . .	Plus . . .
(1) RS leases in the GOM or leases offshore Alaska,	A volume equal to the combined royalty suspension volumes (or the volume equivalent based on the data in your approved application for other forms of royalty suspension) with which MMS issued the leases participating in the application that have or plan a well into a reservoir identified in the application,	10 percent of the median of the distribution of known recoverable resources upon which MMS based approval of your application from all reservoirs included in the project.
(2) Leases offshore Alaska or other deep water GOM leases issued in sales after November 28, 2000,	A volume equal to 10 percent of the median of the distribution of known recoverable resources upon which MMS based approval of your application from all reservoirs included in the project.	

(f) If your application includes pre-Act leases in different categories of water depth, we apply the minimum royalty suspension volume for the deepest such lease then assigned to the field. We base the water depth and makeup of a field on the water-depth delineations in the “Lease Terms and Economic Conditions” map and the “Fields Directory” documents and updates in effect at the time your application is deemed complete. These publications are available from the MMS Gulf of Mexico Regional Office.

(g) You will get a royalty suspension volume above the minimum if we determine that you need more to make the field or development project economic.

(h) For expansion projects, the minimum royalty suspension volume equals 10 percent of the median of the distribution of known recoverable resources upon which we based approval of your application from all reservoirs

included in your project plus any suspension volumes required under § 203.66. If we determine that your expansion project may be economic only with more relief, we will determine and grant you the royalty suspension volume necessary to make the project economic.

(i) The royalty suspension volume applicable to specific leases will continue through the end of the month in which cumulative production reaches that volume. You must calculate cumulative production from all the leases in the authorized field or project that are entitled to share the royalty suspension volume.

[63 FR 2618, Jan. 16, 1998, as amended at 67 FR 1876, Jan. 15, 2002; 73 FR 58472, Oct. 7, 2008; 73 FR 69515, Nov. 18, 2008]

### § 203.70 What information must I provide after MMS approves relief?

You must submit reports to us as indicated in the following table. Sections

## Minerals Management Service, Interior

## § 203.71

203.81, 203.90, and 203.91 describe what these reports must include. The MMS Regional Office for your region will prescribe the formats.

Required report	When due to MMS	Due date extensions
(a) Fabricator's confirmation report .....	Within 18 months after approval of relief	MMS Director may grant you an extension under §203.79(c) for up to 6 months.
(b) Post-production report .....	Within 120 days after the start of production that is subject to the approved royalty suspension volume.	With acceptable justification from you, the MMS Regional Director for your region may extend the due date up to 30 days.

[67 FR 1876, Jan. 15, 2002, as amended at 73 FR 69515, Nov. 18, 2008]

### § 203.71 How does MMS allocate a field's suspension volume between my lease and other leases on my field?

The allocation depends on when production occurs, when we issued the lease, when we assigned it to the field, and whether we award the volume suspension by an approved application or establish it in the lease terms, as prescribed in this section.

(a) If your authorized field has an approved royalty suspension volume under §§203.67 and 203.69, we will suspend payment of royalties on production from all leases in the field that participate in the application until their cumulative production equals the approved volume. The following conditions also apply:

If . . .	Then . . .	And . . .
(1) We assign an eligible lease to your authorized field after we approve relief.	We will not change your authorized field's royalty suspension volume determined under §203.69.	Production from the assigned eligible lease(s) counts toward the royalty suspension volume for the authorized field, but the eligible lease will not share any remaining royalty suspension volume for the authorized field after the eligible lease has produced the volume applicable under §260.114 of this chapter.
(2) We assign a pre-Act or post-November 2000 deep water lease to your field after we approve your application.	We will not change your field's royalty suspension volume.	The assigned lease(s) may share in any remaining royalty relief by filing the short-form application specified in §203.83 and authorized in §203.82. An assigned RS lease also gets any portion of its royalty suspension volume remaining even after the field has produced the approved relief volume.
(3) We assign another lease that you operate to your field while we are evaluating your application.	In our evaluation of your authorized field, we will take into account the value of any royalty relief the added lease already has under §260.114 or its lease document. If we find your authorized field still needs additional royalty suspension volume, that volume will be at least the combined royalty suspension volume to which all added leases on the field are entitled, or the minimum suspension volume of the authorized field, whichever is greater.	<p>(i) You toll the time period for evaluation until you modify your application to be consistent with the newly constituted field;</p> <p>(ii) We have an additional 60 days to review the new information; and</p> <p>(iii) The assigned pre-Act lease or royalty suspension lease shares the royalty suspension we grant to the newly constituted field. An eligible lease does not share the royalty suspension we grant to the new field. If you do not agree to toll, we will have to reject your application due to incomplete information. Production from an assigned eligible lease counts toward the royalty suspension volume that we grant under §203.69 for your authorized field, but you will not owe royalty on production from the eligible lease until it has produced the volume applicable under §260.114 of this chapter.</p>